P 125 E P

App. F. IX-4

1926.7.

File No. 40-26

Previous References (C.S)

G.S 40-25 (1-14);
C.S 34-23 (8a-12)

Serial Nos. 1-3. 6-11

Later References

C.S 125-27 (1-2) file contains G.S.F.
C.S 40-26 (12-16)

General and Revenue Secretariat.

C.S 182-32 (1-2)

C.S 98-34 ..(1-6)
C.S 26-37 ..(1-4)

Serial Nos. Nine

Part B for January.

SUBJECT

Guiding workings of the Apex Bank and the Central Cooperative Bank

D 8992-3 of 6.12.29

to

Registrar C.S. i/c Comptroller

to put

Passes order re

G.R.S. III—31

1757

GEN. & ST. DEPT.
27 SEP 1926
INDUSTRIES & COMMERCE
BRANCH

G.S. 40-26-1

May it please your honour,

It is learnt that mr. Srikantayya of the Bangalore Central Bank is to get a salary of Rs 400/- with retrospective effect and that the Bank has applied to your Government for sanction. The Central Bank is a marwadi Bank and Cooperative only in name and enjoying many concessions from the Government. Srikantayya is all in all and all the directors go according to his wishes. Even the Registrar of Cooperative Societies cannot interfere and helps Srikantayya. The Bank will be of help to the people if he is removed. In the interests of the people he must be reverted to the Secretariat. If the Bank has been making enormous profits it is high time to reduce the interest on loans granted by the Bank. To non official members the Bank now charges 11% interest and recovers one year's interest in advance at the time of granting the loans. Thus the rate of interest charged by the Bank is really more than 18¾% and further the bank recovers penal interest at 15 or 18% most unconscionably. Appeals to the directors and the Registrar are futile. No wonder the bank can afford to pay 10% dividends and 400/- salary to Srikantayya. The bank must be ordered to reduce the interest on loans and unless Srikantayya is removed the borrowers suffer. Therefore we pray that you be graciously pleased to withdraw him from the bank so that the bank may be really useful to the people of the State. We pray that your administration will be strong enough to help the people unlike the previous administration. We hope that ours will not be one of the evil heroes.

Members of the Bank
Yelahanka.

See last note.
Agree with Secretariat
BO
MRS
28/9/26

3522
28/9

For perusal (no Ref^a. about Rs. 400 to Mr. Srikantayya as Secretary to Govt).
First member 25/9
RS 25/9
WD 25/9
WD 29/9

The few Coop Societies left being headed as loans from an Nd. Bank. This will save the Dept trouble & save the Bank of attentions from the Dept.

This Bank has ceased to be a Coop Bank. It shall be so declared & L.C. Secy & Co Secy will clean sweep once for all. Therefore may kindly withdraw Govt's Coop. Bank. It can function as loans

WD 01264—GPB—40,000—17-12-25

2

Serial No.

3 The (Bangalore) Central Co-Operative Bank is only a co-operative bank in name. Voting by proxy and plurality of votes both of which are recognised as against co-operative principles are in vogue in the Bank and the Bank is not in favour of giving them up. It has been converted into an urban Bank dealing only with individual members throughout the State with applications for loans for a greater amount than Rs.2,000/- from individual Shareholders outside Bangalore City.

4 As long as it is considered to be a co-operati Bank, suits will have to be dealt with by the co-operative Department or with its permission by the Civil Courts. The Department will also have to supe vise the working of the Bank.

The documents concerned will be exempted from Stamp duty

5 The interest levied in the Bank is more than that levied in co-operative institutions generally and the dividend declared in the Bank is the maximum viz., 10%, allowed under the Co-operative Regulation and Rules.

6 The main object of the Bank, as per its Bye-laws is to finance Co-operative Societies registered in State. Now that this is no longer the function of this Bank, it may well be made a purely Joint Stock Company, many of whose features are already present in the Bank.

7 Loans to the Co-operative Societies which have not yet repaid them in full may perhaps be treated a loans from an ordinary Bank.

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat | C-S. File No. 40 of 1926

Serial No.

L 8. The Registrar of Co-operative Societies has been urging that the systems of proxy and plural voting obtaining in the Bank are against accepted Co-operaiive principles and the Bank should be asked to give them up. But the Bank as already

9 stated is unwilling to do away with them. In case the co-operative privileges are withdrawn from the Bank, there will not be any more need for the Coop^ve Department to interfere in this or any other respect.

9 The Mysore Co-operative Committee are also against these systems in a co-operative institutio

M (vide para 157 of their Report).

10 The question of the transfer of Societies' debi to the Apex Bank from the Central Bank has not yet been finally settled and it is for consideration whether this should not be settled first before withdrawing the privileges of a Co-operative Insti. tution from the Bank.

11 The Registrar of Co-operative Societies has asked to submit a report in the matter of treatin the Bank as a Joint Stock Bank in this Office lette.

N No.I.C.1663/C.S. 4C-25-14 dated 9th September 1926 and his report is not yet received.

17/11/26. 12 The L+L Secy has to be consulted. vide para 2 above

SW. D.) 18/11/26.

13 L & L secy maybe consulted after receipt

NOTE—Contn. Sheet

1754
3302
3439
3835

WD 01329—GPB—37,500—1-9-26

General and Revenue Secretariat

C. S. File No. 40 of 1926

Serial No.	
	Of report called for from the Dept. Put up an urgent DO reminder to him to be signed by me today. ERR 23.11.26
Immediate	14 A.D.O. reminder is subd. HHR 23/11/26. VS 15 Appd. (P/c for Secy's signature) VP 23/11
	16 Issue today VS 23.11.26
	Issued No D 3582 of 23/11/26.
2nd C file 30/11/26 (P.V.D. in Sealed cover)	2 From the Registrar of C.S. No. 2638. C.S. Dy 21.12.1926. Furnishes a report regarding the working of the Bangalore Central Cooperative Bank from its inception up-to-date & states that it is highly desirable to order its conversion into a Joint Stock Bank immediately or. 17 Submitted with references. VS 23.12.26. 18 Subd for orders, with previous refs and the Cooperative Regulations & Rules Secy D) VP 27/12

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

C-S-File No. 110 of 1926

Serial No.

19 In his confl letter dated 21 12 26 the Regr gives a number of reasons justifying the withdrawal of the privileges granted to a Co-operative institution from the Central Bank and suggests that the Bank may be directed to convert itself into an ordinary joint stock Bank. He states that the rate of interest is high, advance interest is collected for a full year before payment of loan, high rates of penal interest are charged, the renewal of loans are effected under conditions of extreme hardship to borrowers and the penal interest recovered is not properly shown in the Accts. He has a terrible indictment against the methods adopted by the secretary of the Bank. & recommends that the services of the Secretary who is a Govt employee should be withdrawn

20 In regard to the harsh practices alleged to be adopted by the Bank it may be pointed out the Registrar has the remedy ready to hand. He is perfectly entitled to call upon the Bank to show in the Profit & loss Accts the total amount of penal interest recovered by it and to audit the accounts himself if he has suspect that correct figures are not given. In regard to the harsh practices in the matter of renewal of loans. he can investigate a few cases & request the Bank to change its methods or report the fact to Govt. He can refuse his help to recover loans which he considers unduly inflated or unjust. As regards the Secretary we may leave it to the Directors of the Bank to judge & know

The more important reason why the Regr wanted

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

C.S. File No. 40 of 1926

Serial No.

withdraw his support from the institution and direct its conversion into an ordinary joint-stock Bank is its refusal to amend its by-laws relating to plural and also proxy voting. It maybe perfectly true that the recognition — partial as it is in the case of this Bank, which gives a maximum of only 4 votes — that the control of a member over a society should be proportionate to the number of shares held by him and the latitude given to members to vote by proxy are opposed to the ordinary principles of co-operation but may are not prohibited under the Co-operative Regulation. Unless Govt are resolved to amend the Regulation and bring it into line with pure co-operative theory it is not of use to accuse the Bank that they are violating co-operative principles. Section 13(2) enjoins that a member shall have as many votes as may be prescribed in the by-laws in the case of a society where the liability of members is limited by shares. It may be noted that the direction in regard to plurality of votes is not merely permissive but mandatory. In the matter of voting by proxy the Regn does not prohibit the enforcement of such a right on members. Proxy voting is permissible, vide section 13 (3) of the Regn, in the case of a society which has subscribed to the share capital in another society but it is to be distinctly that the Regn as enacted prohibits proxy voting by individual members of a society. In regard to the Central Bank however

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

C.S. File No. 60 of 1926

Serial No.

the permission given by Govt that it maybe converted into an Urban Bank dealing only with individual members throughout the State (Godeby 28.12.26) carries with it as a necessary corollary the right of members to vote by proxy. Otherwise, it would mean that a handful of members in Bangalore & such of those as can attend the general meetings would be able to have it all their own way as against the large number of members scattered all over the state who cannot possibly attend its meetings.

Flag J

2] In my humble opinion I do not think it is possible to direct the Bank to amend its by-laws in regard to the voting powers of its members. It is however clear that as observed by Govt in their instructions to the Registrar in letter No 1663 & 9.9.26. the Bank is only a co-operative Bank in name and it is desirable, & in the course, to have it converted into a joint stock Bank. The true policy would seem to be not force its conversion at once and discredit an institution which has done & is doing good work in developing the resources of its members. But to enable it to develop along lines which will inevitably lead to its voluntary conversion in the course into a joint stock Bank. In page 8 of the enclosure to this letter (P.W.D) the Registrar says that he hears complaints from people during this years that they cannot get loans because no shares

Flag N.

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

C.S. File No. 40 of 1926

Serial No.

are available for subscription. The No of Shareholders in the Bank have increased since 1906-10 to 808 in 1924-25. Govt. are perfectly entitled to ask the Bank in return for the concessions that are allowed to it to increase the No of shareholders. Even upto 1200 or 1500. The larger the number of shareholders the greater the business and the larger the profits earned by the Bank. This will inevitably lead to a demand for larger dividends than is permissible under the law while at the same time the profits will be such as to enable the Bank to easily forego the concessions given by the Govt. I feel that the best methods to deal with the Bank is on the lines sketched above so that it may itself apply in time for its conversion into a joint stock Bank. Any forcible conversion may greatly discredit the institution & perhaps jeopardise its very existence. This is a very undesirable step as even if the Bank were a purely a joint stock institution it would be extremely unfortunate if it were forced into liquidation for joint stock Banking has a great part to play in developing the resources of the State and it is not so highly advanced in Mysore that the Govt can look with equanimity on the disappearance of any successful institution of this type even in the State

1st member thro'
D.L. seen

21.1.27

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

C-S. File No. 60 of 1926

Serial No.

22 I regret that I cannot subscribe to the views expressed by the Dev Sec^t especially when all the reasonable attempts made to persuade the Central Bank to work on cooperative principles have been futile & when it has taken up a firm & defiant attitude.

23 It is, however, not within my province to express any opinion on the merits of the case as this function is assigned to the Registrar & to Govt on appeal from his orders. [vide Sections 39.]

24 The Registrar's letter & the note appended to it do. Contains an exhaustive history of the Bank from its inception & the methods adopted from time to time.

25 The Registrar has shown how the Bank is not working on cooperative principles & he is of opinion that it should be dissolved & that the registration of the Society shall be cancelled.

26 Under Sec 39, he has power to cancel the registration of this Society.

27 The Bank has a right to appeal to Govt. It may perhaps be expedient & desirable that the Govt who may be called upon to sit in judgment over the Registrar's action may not express any definite opinion in this case at present & may if in form the Registrar to take such action as he deems fit.

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat

C.3. File No. 610 of 1926

Serial No.

First Member

29.1

8118/31/1

31/1/27

28.

As 3rd Member will be in charge, please submit to him

Lee 31/1/27

29

Subd to 3rd Member

31/1/27

Third Member's file No. 30 1/2/27

1/2

30

The file was received from the 3rd Member on 16.5.27. The letters in the file show the extent to which the negotiations have advanced. The further communication promised by Sir Purshotamdas Thakurdas may be awaited

11788/17/5

17/5/27

1st Member

17/5

31.

I had Subd to Member on criticisms in the newspapers about our letters in this matter. That file may also be looked for if sent back. I do suggest Sir P. be asked to summon an Extraordinary Meeting of the Central Board to decide this question at which the Directors of the Apex Bank may also be present — Say within a month if no ordinary meeting is due till then. & in the letter it may also be stated that this long pending matter is being settled which is being advised tomorrow, & the

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26
App F. III—2]

General and Revenue Secretariat | C.S. File No. LO | of 192 6

Serial No.

not be delayed.

32 Ofno settlement is arrived at so the action has to be taken.

33 Please submit to Dewan

(The letter will be signed by me.) DE 19/5

(Sd Pattabhirama Chetty states in his letter dated 18/5/27 and 19/5

34 Draft letter to Sir Pattamma Chetty put up for orders

Dewan through 1st Member) 19/5/27

35 DE 20/5/27

20/5/27 VS

36 AR 23/5

(37 We must get this matter done through Long)

1216 26/5

38 Submit multi fair copies 1st Member

LO fair copy signed by member 27/5

39 A fair copy is put up.

VS 25/5/27

Issue VS 27-5-27 27/5 25/5/27 1st Member) VS 25.5.27

NOTE—Contn. Sheet

DEWAN'S OFFICE.
Received on
21. MAY 1927
Reg. No. 8978.

12

WD 01229—GPB—37,500—1-9-26
App. F. III—2]

General and Revenue Secretariat | G.S. File No 40 385 of 1926

Serial No.

3 To

Sir. K. P. Puttanna Chetty Kt. C.I.E.
D.O. No 10424. dt 27.5.27

Suggests, in the circumstances stated, that an extra-ordinary general meeting of the Central Bank might be summoned early in order to settle the question of transfer of Societies' debts from the Central to the Provincial Bank and requests him to inform the action he proposes to take in the matter.

6 From Sir K.P. Puttanna Chetty.
No 2970 dt 7/6/27

With ref^ce sl 3 above, states that no good results from personal conferences or joint meetings owing to sharp cleavage of opinion & that he shall be glad if a wholesale transfer is effected on the lines indicated in para 3(3).

42 1st Member's orders on the letter:—
Dev. Secy with cmpts.
Please submit to Dewan dt 3rd
Na. (also Sir Ramiah's letter)
Sd/- K.C. 8/6/27

43 References please Sd/- N.R. 8/6/27
Sd/- V.V. 8/6/27

44 Previous references are put up.

GEN. & REV. SECRETARIAT
31 MAY 1927
DEVELOPMENT BRANCH.

NOTE—Contn. Sheet

8420 13

App. F. III—2]

General and Revenue Secretariat. | C.S. File No. 40 of 1926.

Serial No.

for Mr Ramiah's letter, Kind. Ref^ce is invited to the letter P.U.D. in the linked file C.S. 40-26-5. (Neither the Ref^r nor the President of the Central Bank has referred in the present letters to the question of transfer of a portion of the Reserve Fund along with the debts,)

KSTO 11/6/27.

Sub^o for perusal.

Sup^t D) WP 11/6

WP Sir Puttanna Chetty's letter is for perusal. It seems to me very reasonable.

WB The Provincial Bank is perhaps unwilling to take over the Societies' debts en bloc without indemnity against bad debts. The Central Bank is naturally unwilling to allow the Other to pick out only bad debts, and is unwilling also to make a larger sacrifice than what is involved in forgoing penal interest above 12%. This sacrifice is said to amount to Rs 80,000

WP The only course seems to be

NOTE—Contn. sheet.

WD 2293—GPB—10,000—4-5-27

General and Revenue Secretariat. | C.S. File No. 110 of 1926

Serial No.

to leave things as they are. Societies which are in a solvent condition and have no difficulty in borrowing money from the Provincial Bank to pay off their debts to the Central Bank. As against the others, steps for recovery may be allowed to be taken in the usual course. This will in effect be allowing the Provincial Bank to take over such debts as it thinks safe, without bringing pressure to bear to effect an arrangement.

WS I doubt think that we can without bring pressure to bear upon the Central Bank so long as it does not violate the law, or its own constitution. The Reg uses rather strong language in characterising its proceedings - which does not seem justifiable. Neither do I think can the proposal to withdraw the benefits of the Co-operative Societies' Regn from this institution be upheld or countenanced. The

NOTE—Contn. sheet.

WD 2293—GPB—10,000—4-5-27

App. F. III—2]

15

General and Revenue Secretariat. C-S. File No. 40 of 1926.

Serial No.

concern is very successful, & has been doing good business, and any action which ~~we~~ might be interpreted as a censure or a punishment is likely to have an unfortunate effect on enterprise in general, and on co-operation, not leading all.

49 A draft order on the lines indicated above is submitted for consideration.

KR
23 6 27

3d Member)

50 Please retype after revised.

KR
18 8 27

51 Revised typed draft is put up.

52 for approval

Hon'ble 18.8

3d Member)

KR
18 8 27

53 The draft is suitable. But before issuing it, I shall be glad if the Secretary shows it informally to the Registrar, Mr. M. Shamakrishna & Sri K.P.P. Chetty for their views.

THIRD MEMBER
24 JUNE 1927
3673

OFFICE OF THE THIRD MEMBER OF COUNCIL
19 AUG. 1927
No. 1372

NOTE—Confn. sheet.

WD 2293—GPB—10,000—4-5-27

WD 01264—GPB—40,000 -17-12-25

Serial No.

if any, & any slight modification that may be called for.

CSS
20/8/27

KR
20 8 27 Tim
22/8/27

54 A draft Do. is submitted for approval.

Tim
23/8.

55 Please place the 3 copies on a file board, & before leave them

KR
24 8 27

56 The drafts were shown to Sir Puttanna Chetty, the Maharaja Rao, and the Regr. The latter stated the two former have suggested slight modifications which are indicated in pencil on the approved draft. The suggestions seem all right & may be accepted and the draft signed as modified

KR
27 8 27

3d Member

57 Please retype draft as revised, to be issued after approval by the Durbar.

Tim KR CSS
29.8.27 30.8.27 31/8/27

OFFICE OF THE THIRD MEMBER EXECUTIVE COUNCIL
29 AUG. 1927
N 1780

NOTE—Contn. Sheet

App. F. III—2]

General and Revenue Secretariat...

C.S. File No. 40 of 1926

DEWAN'S OFFICE
Received on
12. SEP. 1927
Ref No. 1861

Serial No.

18 A clean draft G.O. is put up.
KMK
6/9/27.

8/9/27

19 (Dewan)
Draft appd by 3d Member is subd for perusal before issue

9/9/27

61 (Dewan)
Mas h Coun. to the other Members of Council if it meets with their approval

13-9-27

(vide query on 59)

62 For perusal of Dewan's orders

3d Member)

14/9/27

63 (The Inspectors are not paid for by Govt & the Cen. Bank is paying a pensionary contribution, in addition to trade pay and deputation allce for the services of the one Inspr lent to it. If an addl Inspr is required, the loan will be on the same terms — subd with refce to Dewan's query on 59)

3d Member)

15/9/27

16/9/27

OFFICE OF THE THIRD MEMBER OF COUNCIL
15 SEP. 1927
No. 2207

64 Yes, quite so.

NOTE—Contn. sheet.

WD 0324 -GPB—60,0.0—24 5-27

1254 8420

18

App. F. III—2]

General and Revenue Secretariat. | File No. of 192

Serial No.

65. Subd (Dewans order on previous page)

2346/1919

1st Member

2d Member

17/7/27 Dun 1819

66 I shall be glad to know whether there is any Co-op Central Bank anywhere in India or elsewhere, which lends money only to its own individual shareholders. If there is none, and subject to which are not essential conditions 1 & 2, being left out, I will take several years before the Bank gets into full swing & all the societies & it would perhaps be best to decide then on the future of the Bank. I cannot say violent action should or would be taken; but in view of the establishment of the Land Mortgage Banks also, it seems best not to commit ourselves (in addition) just now to the position, which, as far as I know is unique—a Central Co-operative Bank lending money only to individual shareholders. If there is any other such bank, 1 & 2 may also stand

Dc 6/9/19

67 Please put up after issuing - after issue put to 2d Member

17/7/27 Dun 1819

NOTE—Contn. sheet.

WD 0221 -GPB-60,000--24 5-27

19 3120

App. F. III—2]

General and Revenue Secretariat. | C·S. File No. 40 of 1926.

Serial No.	
68	A dft letter is put up. KM 20/9/27 69 Issued & submit for perusal 2nd member. 20/9/27
7	To The Registrar of Co-ops. No D 3076 of 21.9.27 Enquires whether there is any Central Cooperative Bank any where in India or elsewhere which lends money only to its own individual Share-Holders. 70 Received after issue 21/9/27 71 Submitted for perusal of Minute of 1st Member (Para 66) 21-9-27
	2nd Member) 72 22/9/27
	73 Await reply from Regr CS 22.9.27
8.	From The Regr of C.S. No 1907/CS. dt 23/9/27

OFFICE OF THE SECOND MEMBER OF COUNCIL. 22 SEP. 1927 No. 1607

22 SEP 1927 DEVELOPMENT BRANCH,

NOTE—Contn. sheet.

General and Revenue Secretariat. | C.S. File No. 40 of 1926.

Serial No.

states that he has not read or heard of any central coop. Bank ~~in Kerala~~ lending money only to its own individual share-holders.

74 Secy's orders:-

"Refer us. Please see if this condition imposed on the cen. Co-~~op~~ Bank is not in accordance with its own decision."

Sent to N.R. 27-9-29

75 This is not a new condition. It was imposed in G.O. d 30/3/25 passing orders on the Mysore Coop. Com^{tee}'s report. The proposal came from the Bank itself & was accepted by Govt (Vide para 12 of G.O. d. 30/3/25)

B

AM 29/9/27

76 Refer: para. 66 (First Member's minute)

There is no other Coop^{ve} Central Bank lending money only to its individual share-holders. But the condition is not one imposed from outside on the

NOTE—Contn. sheet.

2722 21

App. F. III—2]

General and Revenue Secretariat. | File No. of 192

Serial No.

see flag B

Central Bank. The Central Bank itself proposed "to convert itself into an Urban Bank dealing only with individual shareholders" - and first approved of this proposal in their order dated 30. 3. 1925. The Central Bank has not asked for a revision of this condition - in fact the draft now under orders was shown to the President of the Cen. Bank and was agreed by him.

7] If at any future time, they decide to ask for a relaxation, the question may be reconsidered.

~~[illegible]~~

7] May the draft issue?

29/9/27

1st Member)

29.9.27

7] Conditions ~~Paras~~ 1 and 2 only reiterate the present practice & so there is no need to repeat them; besides, by doing so we do the Controller for a long time the ~~[illegible]~~ order passed in 1925. The points that these may go on as they are now until the Central Bank ceases to have any thing to do with Coop. Societies; & after that Govt. have to take up the question as to whether the Bank of a kind that exists no where else in the world and continue on the same

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

General and Revenue Secretariat. | File No. of 192

Serial No.

terms, or under what modifications.

80 This because the Central Bank Sub had Societies that the order of 25— was passed; & the case becomes different when it ceases to have Societies.

2771/30/9

81 The draft will read all right omitting Sections 1 and 2, which are not necessary & may be wrongly interpreted.

AE 30/9

82 To orders.

83 I think that 1 & 2 may go, & that we might say in general terms that "the Cen Co-op Bank & the Apex Bank will continue to transact the kinds of business to which they are devoting themselves at present" — but I doubt whether even this is necessary. To be silent on the point is to acquiesce in the continuance of the present statutory limits, & that would perhaps be best.

OFFICE OF THE THIRD MEMBER OF COUNCIL. 2 OCT. 1927 2989

84 Please speak to 3rd Member

NOTE—Contn. sheet.

OCT. 1927 No. 3419

85 Spoke to 3rd Member

16/10 Spoke to 3rd Member

WD 0324 -GPB-60,000-24-5-27

1/10/27

16/10/27

18/10/27

18/10/27

General and Revenue Secretariat. | File No. | of 192.

Serial No.

86 I am sorry I do not agree with the 1st member. There is no harm in retaining condition 1 + 2. After the Central Bank has got rid of its ~~society~~ members, it will function as a primary society, with the difference that it draws its members from a wider field than the ordinary primary society would do. This may be somewhat exceptional, but is due to its past history. As regards future policy & action, I do not suppose we are binding our hands for all time by the wording of this order or whether the omission of certain paragraphs - which only embody existing sanctions - will free us from all considerations of the past & leave us a clean slate.

87 I am sure that in course of time the Bank will come round in the matter of voting.

88 ~~both~~ I therefore think the ~~order~~ may issue as drafted.

89 With regard to the Dewan's remark re Inspectors, they are only lent to the Bank - which pays for them under the usual rule re loan of certain Government servants.

2nd Member
Dewan

CSX
30/11/27
1/12/27

NOTE—Contn. sheet

WD 0324—GPB—60,000—21-5-27

DEWAN'S OFFICE.
Received on
29. NOV. 1927
Spl. memo
Reg. No 466

DEWAN'S MINUTE.

FILE No. 192

GEN. & REV. DEPTT.
30 NOV. 1927
DEVELOPMENT BRANCH

24

Secy Rev. Dept.

90 Have orders been passed re transfer of Co-op. societies from the Central Bank to the Apex Bank?

29-11-27

91 In what stage is the question?

30/11/27

92 The Dewan wanted this file brought up informally today & returned.

30/11.

93 Info has been sent & the Dewan in person. Was informally brought up before the Council & the offr affected by 3rd question was ordered to be informed

5/12/27

9/12

General and Revenue Secretariat. File No. 40 of 1926.

Serial No.

94 This was discussed informally in Council on 3 12 27. The 1st Member was agreeable & the Opt being issued as advd by 3d Member. Please issue and resubt to 3d Member for info.

UG 5/12

95 **Issue & Submit.** 5/12/27

UG 5/12

9. To The Regr of C.S.
The Comptr.
No-D. 5792-3 dd 6/12/27
Passes orders regarding the future working of the Apex Bank & the Central Bank.

96 Subd for perusal after issue
6/12/27. (3d M)

97 The matter may be subd 7/12 for perusal - Please put up

UG 7/12

10/12/27

UG 10/12

OFFICE OF THE THIRD MEMBER OF COUNCIL
8 DEC. 1927
No. 5354

NOTE—Contn. sheet

General and Revenue Secretariat. C-S File No. 40 of 1926

Serial No. 40

From The Regr of C.S.
No 2909/C.S. d 12/12/27
with refce sl q requests
modification of the orders
for reasons stated.
99 Asst Secy's orders on
the letter:-
"please put up with the
refces" Sd/- V.V. 13/12/27.
100 Subs for orders with refces
13/12/27 101 There are 4 points
for orders -
1. Extension of the period
allowed for Societies indebted to the Central Bank to
close their Accounts
with the Central Bank
from 6 months to 1 year.
2. Allowing non-debtor
Societies to remain
affiliated to the Bank
till the close of June 1928.
3. Directing the Central
Bank not to charge
more than 12% even
if the accounts are
not settled within the
prescribed period

NOTE—Contn. sheet

WD 0324—GPB—60,000—24-5-27

5092 27

App. F. III—2]

General and Revenue Secretariat. C-S. File No. 40 of 1926.

Serial No.

4. Withdrawal of the services of Mr P. Raja Rao, Inspector of C. S. and posting any other inspector in his stead.

102 The first point may perhaps be considered after 6 months, if then found necessary. yes.

103 2. The second request may be granted in the interests of the Societies. yes.

104 3. The third request is accepted by Govt in their order of the 6th Dec. It appears only to be an extension of the principle & may be granted. For orders. Please see remarks on the P.V.D.

105 4. The fourth point is for orders. May be approved.

106 As soon as orders are passed on these a D. F. N. will be put up as required in para 98 above.

13.12.27

NOTE—Contn. sheet

WD 0324—GBB—60,000—21-5-27

General and Revenue Secretariat. | File No. | of 192

Serial No.

10) Please see remarks on the margin of the P.U.D.

Secy for orders with refce Secy D)

UB
14/12/27

10A) No immediate modification of the G.O. is necessary. If the time limit is found insufficient in spite of vigorous action, it might be extended later - but an immediate extension is apt to lead to slackness.

10B) In regard to interest, 12% is clearly the absolute maximum and the letter of the order places this beyond doubt. Please see direction (3) of the G.O., which in leaving the option of legal action to the Central Banks distinctly lays down that it should not claim default interest exceeding 12%, & that this interest should be charged only on overdue instalments. This is strictly in accordance with the agreement of the Bank itself. I therefore do not understand the Regn's difficulty.

11C) In regard to the loaning the services of an Inspector, the Regn

NOTE—Contn. sheet

5092 29

App. F. III—2]

General and Revenue Secretariat. GS File No. 40 of 1926.

Serial No.

is not in favour of continuing Rao P. Raja Rao, because he has been there already for some years. This may possibly be the very reason why the Can. Bank might like to have him, for experience and knowledge of details must be very essential qualifications in a Banking institution. I am for giving the Bank their own choice of the officer to be sent to them.

OFFICE OF THE THIRD MEMBER OF COUNCIL
15 DEC. 1927.
No. 5397

3d Member) 15/12/27

(11) I agree. WD 15/12

CSX 16/12

112) Please put up draft reply

113) (d. then D.F.N.) 16/12/27. WD 17/12

114) Draft reply put up Key 17/12

115) Draft reply for consn. Sec'y D) WD 20/12/27

20/12

116 Issue

117 to F.N. please

21/12/27

WD 22/12.

NOTE—Contn. sheet

WD 0321—GPB—60,000—21-5-27

App. F. III—2]

General and Revenue Secretariat. G.S. File No. 40 of 1926

Serial No.	
11	To The Registrar of C.S. No D 6564 of 22/12/27 with Reference to 2d (10) Slate, with certain observations, that the modification of the G.O. dated 6th Dec. 1927 is not necessary.
118	Please issue to the Central Bank 10 copies of the recent G.O 9/1/28
	GEN. & REV. SECRETARIAT. 9 JAN. 1928 DEVELOPMENT BRANCH.
119	Copies given to the Secy of the Bank in person. 9/1/28.

NOTE—Contn. sheet.

WD 0324—GPB—60,000—24-5-27

App. F. III—2]

General and Revenue Secretariat.

C.S File No. 40 of 1926.

Serial No.

120 Subd with a D.F.N. for consideration.

13/1/28

R.) D.F.N. for appl

Sec'y D)

16/1

3d Member)

17/1/28

17/1/28

17/1

Final note signed by the Member is placed in the file.

18/1/28

18/1

Subd to Dewan with S.N.

19/1/28

19/1

Subd with S.N.

Dewan) 19/1/28

21/1/28

OFFICE OF THE THIRD MEMBER OF COUNCIL
17 JAN. 1928
6206

DEWAN'S OFFICE
20. JAN. 1928
Reg. No. 4501

NOTE—Contn. sheet.

Final Note by the Third Member of Council.

Subject :—

Future working of the Apex Bank and the Central Co-operative Bank.

In passing orders on the Report of the Mysore Co-operative Committee, Government accepted the proposal of the Bangalore Central Co-operative Bank to convert itself into an Urban Bank dealing only with individual share-holders throughout the State and directed that all existing debts due to that Bank from Co-operative Societies be transferred to the Apex Bank at a valuation to be made by a Committee of five arbitrators. Difficulties arose in giving effect to the transfer of Societies' debts in the manner suggested, as the course proposed by one Bank was not accepted by the other, each trying to secure the most advantageous terms.

This difference of views stood for a very long time in the way of the transfer of the liabilities en bloc from one institution to the other as first contemplated. An arrangement agreeable to both parties has now been arrived at and a draft order incorporating the arrangement was informally considered in Council on 3rd December 1927 and approved. The order prescribes the procedure to be adopted by the two Banks to give effect to the original intention of Government regarding the transfer of Societies' debts.

The papers are submitted for His Highness' gracious perusal.

Offg. Third Member of Council.

Bangalore,
19th January 1928.

Submitted to His Highness.

I submit herewith a Final Note by the Offg. Third *Member of Council on the subject of* Future working of the Apex Bank and the Central Co-operative Bank for *His Highness' gracious* ~~approval~~ perusal.

Mirza M. Ismail
Dewan.

5052

34

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Future working of the Apex Bank and the Central Co-operative Bank.

442

Order.

~~KRW~~

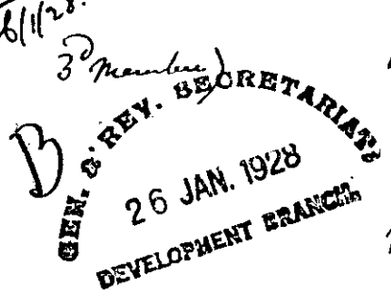
24/1/28

C. Secy

25-1-28

7132
26/11/28.

3d Member



25/1/28

26/1/28

35

App. F. III—2]

General and Revenue Secretariat. | File No. of 192

Serial No.

Confidential.

B'lore April 6th 1927.

Dear Mr.Balasundaram Iyer,

In reply to your D.O. letter of the 2nd Instant, I beg to say that after we had met, I had a talk with Mr.M.Shama Rao, a copy of whose letter is enclosed herein for information.

I shall place the whole matter before the Board at their meeting next week & suggest to them a full & thorough examination of the affairs of each society indebted to the Bank, by a small Committee of the Board & Mr.M.Shama Rao as representative of the Apex Bank so that we may arrive at a common understanding, if possible.

Yours Sincerely,

K.P.Puttannaiah

C S Balasundaram Esq
Member of Council

NOTE—Contn. sheet

WD 0324--GPB-60,000-24-5-27

Copy of letter dated the 20th February 1927 from Mr.M.Shama Rao, President of the Mysore Provincial Co-operative Bank Ltd. regarding the transfer of debts of societies indebted to the Central Co-operative Bank Ltd., B'lore to the Apex Bank.

As the result of our conversation this morning, I think it desirable that we should have a correct common understanding regarding the conclusions formed in our minds. I give these conclusions so far as the Apex Bank is concerned. Kindly let me know if I have correctly stated them. I am not speaking of the Central Bank at all, nor do I wish to commit you to any conclusions regarding it as the Central Bank has till now stood out for the payment of the full amounts as shewn in its books.

1. The Apex Bank to take over the transactions now subsisting between the Central Bank & individual societies generally on the basis of the figures given in the Registrar's list as mentioned by him & revised so as to bring them up to date.
2. The loans due to the Central Bank from individual societies to include both principal unpaid & interest ordinary & penal unpaid up to date.
3. The amounts so due generally not to exceed 60(sixty) per cent of the value of the lands hypothecated.
4. The sanction of the General Body of the Apex Bank to obtained before the transactions as stated above are taken over by the Apex Bank.
5. To compensate the Apex Bank for the labors involved in taking over these transactions and as a safeguard against possible losses, an amount considered reasonable by the Registrar or by Government to be granted t the Apex Bank from the Reserve or any other Fund of th Central Bank or otherwise.

"Copy"

President.

OFFICE OF THE THIRD MEMBER OF COUNCIL
9 MAY 1927

GOVERNMENT OF MYSORE

37

D. O. No.

GENERAL AND REVENUE SECRETARIAT.

Confidential

Dated Bangalore, 9th May 1927

Dear Sir Mr Shama Rao,

From the Central Bank

With reference to the transfer of Debtor Societies to the Provincial Bank which is under the consideration of yourself and Mr. Shama Rao, may I make a suggestion which might perhaps help a decision agreeable to both sides. I would suggest that the Provincial Bank may select out of the Societies indebted to the Central Bank such of them as they consider to be solvent i.e., on the basis of 60 per cent. of debts to the assets or as Mr. Shama Rao suggests, or any other standard. These Societies may borrow from the Provincial Bank and clear their accounts with the Central Bank and may join the former. As regards the other Societies the Central Bank might proceed to recover their dues by the usual process. Any loss incurred in the course of such recovery would naturally be debitted against the reserve fund of the Central Bank. This course would avoid any transfer of the reserve from the Central Bank to the other Bank, to which course there are so many objections, and the Provincial Bank would incur no risk of loss.

In settling the accounts of the Societies the concessions already agreed to by the Central Bank may be shown, viz., collection of penal interest only on instalments overdue and at only 12 per cent. per annum, and recasting of the accounts of the previous payments etc., On the above basis. I have talked over this with Mr. Shama Rao, also with Mr. K.R. Srinivasaiengar and Mr. Srikantiya of the Central Bank, and I believe they are generally agreeable to such an arrangement. I hope that you will consider these suggestions, and if you also think they are suitable I request you to adopt them for action.

With best regards,

Yrs. Sincerely.

Sd C.S. Bulasundram
Sec

General and Revenue

Confidential.

The Bangalore Central Co-operative Bank Ltd.,

No.2792. Dated Bangalore the 13th May 1927.

Dear Mr Balasundram Aiyar

I thank you for your D. O. letter of the 9th Instant regarding the transfer of debtor-societies from the Central to the Provincial Bank. I note from your letter that for the purpose of arriving at a decision, the Provincial Bank has to be permitted to select among the existing debtor-societies such of them as it considers solvent on the basis of 60 % of debts to the assets and leave the troublesome ones in the hands of the Central Bank. This gives all the advantage to the Provincial Bank which takes no risk whatever the transaction. As such a course will doubtless increase the trouble to the Central Bank in recovering the longstanding dues from the societies rejected by the Provincial Bank, may I suggest that in order to ensure the active co-operation of the Registrar's Department in recovering the loans issued on its recommendation, the submission to Government of quarterly lists of recoveries from the respective societies which remain indebted to the Central Bank may kindly be ordered from that Department. In this connection, I may be permi

Proceedings of the Government of His Highness the Maharaja of Mysore.

...

Order :-

In passing orders on the Mysore Co-operative Committee's report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an urban bank dealing only with individual shareholders throughout the State, and directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a valuation to be made by a committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that unduly heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in excess of 12 per cent and to charge such interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all co-operative societies on bloc from the Central Bank involved considerable additional work, and the risk of the loss from possible bad debts which might be included in the transaction, and that it could therefore agree to the transfer only if a portion of the reserve fund of the Central Co-operative Bank should be transferred along wit

with the societies' debts as remuneration for the work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60 per cent of the value of the properties on which they were secured, leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course, as calculated to shake its credit with the shareholders, depositors and the general public. The Central Bank was quite agreeable to reduce the rate of default interest to 12% all round and to charge this interest only on instalments in default irrespective of its rights under the documents concerned; but it was not prepared to make over any part of its reserve fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies en bloc.

All attempts to bring about a reconciliation of this difference of views having proved ineffectual, Government are pleased to pass the following order to give effect to the decision arrived at in G.C.No: I.C. 6492-6563/C.S. 34-23-11 dated 30th March 1925 passing orders on the Mysore Co-operative Committee's Report :

(1) The Central Co-operative Bank will, as agreed to, be a purely urban bank dealing only with individual members throughout the State; but to ~~avid~~ avoid competition with primary societies, it will not

not grant loans of a smaller amount than ` .2000/- to individual shareholders outside Bangaloro City.

(2) The Central Bank will be free to take such action as it legally can, against all co-operative societies in respect of outstandings due from them: but it should not include in the claim default interest exceeding 12 per cent, and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central Bank should furnish such society within (a) reasonable time, under its seal, with a clear statement of account giving particulars of all disbursements and repayments - towards principal and interest, certified by the - Secretary.

two months after application

(3) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

State later

in the absence of the circumstances, the reported to first Rix

State (4) In regard to societies which do not ~~close their accounts~~ within three months ~~by taking~~ to state the advantage of the above concession, the Central Bank may take such ~~action~~ steps for recovery, as may be permitted by law.

(5) The Registrar of Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their - claims against debtor societies by employing special shekdars, if necessary, under the Government Order recently issued.

(6) In order to effect a speedy settlement and to clearly demarcate the functions of the Central Co-operative Bank ~~and t~~

Central Co-operative Bank and the Apex Bank, Government desire that immediate action may be taken on the lines indicated above, and that notices in the terms of this order may be issued to all the co-operative societies concerned.

A report as to the result of the action taken may be submitted to Government at the end of six - months.

Secretary to Government,
Development Departments.

To

The Registrar of Co-operative Societies,
The Comptroller to Government.

Proceedings of the Government of His Highness the Maharaja of Mysore.

...

O r d e r :-

In passing orders on the Mysore Co-operative Committee's report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an urban bank dealing only with individual shareholders throughout the State, and directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a valuation to be made by a committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that unduly heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in excess of 12 per cent and to charge such interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all co-operative societies en bloc from the Central Bank involved considerable additional work, and the risk of the loss from possible bad debts which might be included in the transaction, and that it could therefore agree to the transfer only if a portion of the reserve fund of the Central Co-operative Bank should be transferred along with

with the societies' debts as remuneration for the work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60 per cent of the value of the properties on which they were secured, leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course, as calculated to shake its credit with the shareholders, depositors and the general public. The Central Bank was quite agreeable to reduce the rate of default interest to 12% all round and to charge this interest only on instalments in default irrespective of its rights under the documents concerned; but it was not prepared to make over any part of its reserve fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies en bloc.

notwithstanding the heavy loss which will accrue by this wholesale reduction and revision of adjustments already effected.

All attempts to bring about a reconciliation of this difference of views having proved ineffectual, Government are pleased to pass the following order to give effect to the decision arrived at in G.O.No: I.C. 6492-6563/C.S. 34-23-11 dated 30th March 1925 passing orders on the Mysore Co-operative Committee's Report :

(1) The Central Co-operative Bank will, as agreed to, be a purely urban bank dealing only with individual members throughout the State; but to avoid competition with primary societies, it will not

not grant loans of a smaller amount than Rs.2000/- to individual shareholders outside Bangalore City.

3
(2) The Central Bank will be free to take such action as it legally can, against all co-operative societies in respect of outstandings due from them; but it should not include in the claim default interest exceeding 12 per cent, and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central Bank should furnish such society within a reasonable time, under its seal, with a clear statement of account giving particulars of all disbursements and repayments towards principal and interest, certified by the Secretary.

(2), The Apex Bank shall restrict its loans to Societies only as directed in G.O No 6492-6563 of 30th March 1925

4
(3) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

5
(4) In regard to societies which do not close their accounts within three months by taking advantage of the above concession, the Central Bank may take such action for recovery, as may be permitted by law.

6
(5) The Registrar of Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their claims against debtor societies by employing special shekdars, if necessary, under the Government Order recently issued.

7
(6) In order to effect a speedy settlement and to clearly demarcate the functions of the Central Co-operative Bank and t

Central Co-operative Bank and the Apex Bank, Government desire that immediate action may be taken on the lines indicated above, and that notices in the terms of this order may be issued to all the co-operative societies concerned.

A report as to the result of the action taken may be submitted to Government at the end of six - months.

Secretary to Government,
Development Departments.

To

The Registrar of Co-operative Societies,
The Comptroller to Government.

...

Proceedings of the Government of His Highness the Maharaja of Mysore.

...

O r d e r :-

In passing orders on the Mysore Co-operative Committee's report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an urban bank dealing only with individual shareholders throughout the State, and directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a valuation to be made by a committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that unduly heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in excess of 12 per cent and to charge such interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all co-operative societies en bloc from the Central Bank involved considerable additional work, and the risk of the loss from possible bad debts which might be included in the transaction, and that it could therefore agree to the transfer only if a portion of the reserve fund of the Central Co-operative Bank should be transferred along with

with the societies' debts as remuneration for the work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60 per cent of the value of the properties on which they were secured, leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course, as calculated to shake its credit with the shareholders, depositors and the general public. The Central Bank was quite agreeable to reduce the rate of default interest to 12% all round and to charge this interest only on instalments in default irrespective of its rights under the documents concerned; but it was not prepared to make over any part of its reserve fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies en bloc.

All attempts to bring about a reconciliation of this difference of views having proved ineffectual, Government are pleased to pass the following order to give effect to the decision arrived at in G.O.No: I.C. 6492-6563/C.S. 34-23-11 dated 30th March 1925 passing orders on the Mysore Co-operative Committee's Report

(1) The Central Co-operative Bank will, as agreed to, be a purely urban bank dealing only with individual members throughout the State; but to avoid competition with primary societies, it will not

50

not grant loans of a smaller amount than Rs.2000/- to individual shareholders outside Bangalore City.

(2) The Central Bank will be free to take such action as it legally can, against all co-operative societies in respect of outstandings due from them; but it should not include in the claim default interest exceeding 12 per cent, and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central Bank should furnish such society within a reasonable time, under its seal, with a clear statement of account giving particulars of all disbursements and repayments - towards principal and interest, certified by the - Secretary.

(3) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

(4) In regard to societies which do not close their accounts within three months by taking advantage of the above concession, the Central Bank may take such action for recovery, as may be permitted by law.

(5) The Registrar of Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their - claims against debtor societies by employing special shekdars, if necessary, under the Government Order recently issued.

(6) In order to effect a speedy settlement and to clearly demarcate the functions of the Central

Co-operative Bank ~~and t~~

Central Co-operative Bank and the Apex Bank, Govern[illegible] desire that immediate action may be taken on the lin[illegible] indicated above, and that notices in the terms of the order may be issued to all the co-operative societies concerned.

A report as to the result of the action taken may be submitted to Government at the end of six months.

Secretary to Government,
Development Departments.

To

The Registrar of Co-operative Societies,
The Comptroller to Government.

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52

Proceedings of the Government of
H.H. the Maharaja of Mysore.

- - -

O r d e r-

In passing orders on the Mysore Co-operative Committee's Report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an urban bank dealing only with individual shareholders throughout the State, and directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a - valuation to be made by a committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that ~~unduly~~ heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in - excess of 12 per cent and to charge such - interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all co-operative societies en bloc from the Central Bank involved considerable additional work, and the risk of loss from possible bad debts which might be included in the transaction, and that it could therefore agree to the transfer only if a portion

(by Sir K.P.P.)

of the reserve fund of the Central Co-operative Bank should be transferred along with the societies' debts as remuneration for the work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60 per cent of the value of the properties on which they were secured, leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course, as calculated to shake its credit with the shareholders, depositors and the general public. The Central Bank was quite agreeable to reduce the rate of default interest to 12 per cent all round and to charge this interest only on instalments in default irrespective of its rights under the documents concerned; but it was not prepared to make over any part of its reserve fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies en bloc.

All attempts to bring about a reconciliation of this difference of views having proved ineffectual, Government are pleased to pass the following order to give effect to the decision arrived at in G.O. No. I.C.6492-6563/C.S.34-23-11 dated 30th March 1925 passing orders on the Mysore Co-operative Committee's Report:

(1) The Central Co-operative Bank will, as agreed to, be a purely urban bank dealing only with individual members throughout the State; but to avoid competition with primary societies, it will not grant loans of a smaller amount than Rs.2,000 on the security of immovable property to individual shareholders outside Bangalore City.

(by Sir K.P.P.) The Apex Bank shall restrict its loans to societies as directed in G.O.No.6492-6563 of 30th March 1925.

(2) 3 (2) The Central Bank will be free to take such action as it legally can, against all co-operative societies in respect of outstandings due from them; but it should not include in the claim default interest exceeding 12 per cent, and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central Bank should furnish such society within ~~a reasonable time~~ four months (by Mr M. Shamanna Rao) under its seal, with a clear statement of account giving particulars of all disbursements and repayments towards principal and interest, certified by the Secretary.

(3) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

(4) In regard to societies which do not close their accounts within ~~three~~ six months by taking advantage of the above concession, the Central Bank may take such steps for recovery, as may be permitted by law. (by Mr M.S.R.) (by Mr M. Shamanna Rao) in the absence of special circumstances to be reported to Govt.

(5) The Registrar of Co-operative -

5(a) Societies which are not indebted to the Central Bank but which hold shares therein as members should resign their shares within six months should be advised to join the Apex Bank.

55

Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their claims against debtor societies by employing special Shekdars, if necessary, under the Government Order recently issued. The Registrar will also be permitted to retain the Central Co-operative Bank

(6) In order to effect a speedy settlement and to clearly demarcate the functions of the Central Co-operative Bank and the Apex Bank, Government desire that immediate action may be taken on the lines indicated above, and that notices in the terms of this order may be issued to all the co-operative societies concerned.

Services of one auditor of Co-operative societies as at present for a further term of 3 years or until further orders.

A report as to the result of the action taken may be submitted to Government at the end of six months.

Secretary to Government,
Development Departments.

To

The Registrar of Co-operative Societies,
The Comptroller to Government.

57

App.F.VI-G1.] B650

SUBJECT.....

.....

.....

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

, the 192

Date of issue 27.5.27

Signed by Mr. Thereza to Yours letter of 13th inst to Mr. Balasundaram Mr. K C.

List of enclosures.....

Copied by .....

Examined by .....

Section C.S

File No. 40-26

Serial No. 3

No. D 10424

To Sir K. P. Puttanna Chetty Kt.

Dear Sir Puttanna Chetty,

In the matter of the transfer of Societies' debts from the Central to the Provincial Banks you are probably aware that the delay in arriving at a settlement has been the subject of much adverse comment in the press. It is very necessary that this long pending question shd be decided without further loss of time.

I wd suggest, if you have no objection, that an extraordinary general meeting of the Central Bank might be summoned as early as possible - say within a month - if no

over

ordinary ~~meeting~~ meeting is due to come off within that time, and that the Sec and the Directors of the Apex Bank may also be invited to attend, to facilitate a satisfactory and final disposal of this question.

I shall be obliged by your intimating to me the action that you propose to take, as it seems to me that it would be advisable that any settlement with them should be arrived at without any further delay.

Yours sincerely

The Bangalore

Central Co-operative Bank Ltd.,

No.2 9 7 0. Dated Bangalore the 7th June 1927.

My Dear Mr.Chandy,

I write to acknowledge the receipt of your D.O. letter No.10424 the 27th Ultimo, regarding the transfer of the debtor-societies from Central to the Provincial Bank. I am aware that there has been some ment on the subject in the press from interested parties. But the Cent ral Bank cannot help it and must guard its own interests. I am sorry that this matter has been pending for an unduly long time causing trou both to the Government and to this Bank.

2. The proposal that the Provincial Bank should be given the option of selecting what it may consider as good debts and of leaving the re to the Central Bank cannot reasonably be entertained, as such a cours will not only seriously handicap the Central Bank, but will also shake its credit with the shareholders, depositors and the general public will be most detrimental to its interests. Any investigation now to d termine the solvency or otherwise of societies will have necessarily be done on the spot if the investigation should be of any use and may take a year or more to complete it. Moreover, the Provincial Bank do

not appear to be keen on taking over the societies' debts en bloc without discrimination and without payment of substantial compensation for its labours and for the losses which it anticipates.

3 I request the favour of definite answers to the following points:-

(1.) Is it the desire of Government as a matter of policy that the societies' debts should be transferred to the Provincial Bank under any circumstances? or,

(2.) Will the Central Bank be allowed to recover its debts from the societies in the usual course as recommended by the Committee on Co-operation; will this course involve the violation of any recognized principle?

(3.) In spite of the fact that the debtor-societies continued to be persistent defaulters, the Central Bank agreed to reduce the rate of default interest to 12% all round and charge it only on the instalments in default irrespective of the explicit conditions mentioned in the bond, purely as a matter of concession and in deference to the wishes of Government to facilitate the wholesale transfer of debts to the Provincial Bank. Such a wholesale revision of interest will, it is computed, reduce the Bank's assets by over Rs.80,000/- which bears a high proportion to the Bank's resources. Nevertheless the Central Bank will be prepared to grant this concession to the debtor-societies in recovering the dues from them.

2 61

(4.) From what has so far transpired, neither the Board of Management nor the shareholders of the Central Bank ap[illegible] to be prepared to make a larger sacrifice than what is mentioned above.

4 If the Government wish that a wholesale transfer should be ef[illegible] ed, I shall be glad of their good offices on the lines proposed para (3) above.

5 If, for any reason, this cannot be done, the only feasible cour[illegible] appears to be to let the societies liquidate their dues of the Cel[illegible] ral Bank gradually either by raising the loans from the Provincia[illegible] Bank or by any other means, as has been done now in some cases, t[illegible] ing advantage of the special concession mentioned in para (3) abo[illegible] thereby facilitating in a way the transfer of debts to the Pro[illegible] cial Bank.

6 For obvious reasons, it does not seem to be desirable to keep[illegible] this long pending question open any longer thereby unsettling t[illegible] minds of the public. I fear no good is likely to result from p[illegible] sonal conferences or joint meetings, when there is a sharp cleava[illegible] of opinion.

Yours Sincerely,

B Rama Rau

K.Chandy Esq., B.A.,
First Member of Council, Bangalore.

NOTE—Contn. sheet

6r

APP. F. VI. Gl.]

Issue & Submit.

SUBJECT.....

.....

.....

Section C. S.

File No. 40-26

Serial No. 7

No. D. 3076 & 21(9/5

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *192*

Date of issue 5.3.37

Signed by Dr. 9.11.4

To

The Regr of C.S.

Sir,

I am directed to enquire whether there is any Central Bank anywhere in India or elsewhere which lends money only to its own individual shareholders.

A very early reply is solicited.

I have etc.

2/3

for Dep. Secy

over

No. of enclosures.....

Typed by.....

Examined by .....

WD 0562 -GPB—31,000—17-8-25

20-1-37

WD 01264—GPB—40,000—17-12-25

No. 1907-C S

Immediate

Tel. Address "CO-OPERT" BANGALORE

DEPARTMENT OF CO-OPERATION.

GOVERNMENT OF MYSORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Dated Bangalore 23rd Septr. 1927.

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE, BANGALORE.

C. 2722 Sept 1927 DEVELOPMENT BRANCH

C.S. 40-26-8.

To

N. Rama Rao, Esq., B.A. B.L.,
Secretary to Government, Development Departments,
Bangalore.

Sir

With reference to your letter No.D.3076/C.S.40-26-7 dated the 21st instant enquiring whether there is any Central Co-operative Bank in India which lends money only to its own individual share-holders I have the honor to state that I have not heard or read of any such Bank in existence anywhere in British Indian Provinces or elsewhere.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

Registrar.

NOTE.—Contn. Sheet

64 GEN. & REV. 3239

5 OCT. 1927
DEVELOPMENT BRANCH

No.702/Encls. two. Dated B'lore the 30th September 1927.

From

Rajasabhabhushana, Dewan Bahadur

Sir K.P.Puttanna Chetty Kt., C.I.E.,

President, Bangalore Central Co-operative Bank Ltd.,

OFFICE OF THE ... OF COUNCIL
5 OCT. 1927
No. ... TO

The Secretary to the Government of His Highness.

the Maharaja of Mysore, Development Departments.

Sir,

I have the honour to forward herewith for the information of Government a copy of the Proceedings of the General Meeting of the Bangalore Central Co-operative Bank held on the 26th Instant and to invite reference to paras 5-8 and para 36 thereof relating to the elimination of non-debtor societies from the list of members and to the scope of work to be distinctly defined for the Central & the Apex Banks with a view to obviate conflict of interests of either institution. I am aware that the Central Bank has been prohibited from granting advances of any kind to societies & a similar prohibition has to be laid down for the Apex Bank from making advances of any kind to individuals.

I have the honour to be,

Sir,

Your most obedient servant,

K P Puttannachetty

President.

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Cuttack M. 702

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Proceedings of the General Meeting of the Bangalore Central Co-operative Bank Ltd. held at 6 A.M. in the Bank premises on Monday the 26th September 1927 under the presidency of Rajasabhabhushana, Dewan Bahadur Sir K.P. Puttanna Chetty K.t. C.I.E., Retired 1st Member of Council.

The following members were present:-

1. Rajasabhabhushana Karpur Srinivas Rao, Retd. Chief Engineer.
2. Mr. K.H. Sreenivasiengar, Retd. 1st Member of Council.
3. Dr. C.B. Rama Rao, Rao Bahadur, Retd. Civil Surgeon.
4. " D.K. Narayana Rao, Superintendent, Linto Hospital.
5. " E.S. Krishnasami Iyer, Surgeon.
6. Mr. Y. Narasinga Rao, Superintendent, Sandal Oil Factory.
7. Rao Bahadur M. Shama Rao, Retd. I.G. of Education.
8. Mr. B.I. Shama Rao, Retd. Dy. Conservator of Forests (Representative, Building Co-operative Socy.
9. " M. Chengiah Chetty, Retd. Deputy Commissioner.
10. " K. Sreenivasa Rao, Retd. Deputy Commissioner.
11. " C. Krishna Moorthy, Advocate.
12. " B. Vasudeva Moorthy -do-
13. " C. Krishna Rao, -do-
14. " Y. Ponnaiya -do-
15. " S. Subbaraya, -do-
16. " L.S. Raju -do-
17. " K.R. Setu Rao -do-
18. " B.S. Raghavendra Rao, Asstt. Secretary to Govt., Financial Department.
19. " V.T. Sreenivasan, Assistant Comptroller.
20. Rao Bahadur H. Krishna Sastry, Retd. Epigraphist to the Govt. of India.
21. Mr. A. Subba Rao, (Executive Engineer)
22. " T. Ramachandra Rao, Retd. Special Engineer.
23. " B. Hirasingh, Retd. Deputy Conservator of Forests.
24. " T.K. Someswara Iyer, Assistant Secretary to Govt.
25. " S.G. Sastry, Superintendent, Soap Manufactury.
26. " K.G. Shamanna, Retd. Deputy Superintendent.
27. Rao Saheb H. Channayya, Retd. Sub Judge.
28. Mr. G. Madhava Rao, Assistant Commissioner of Income Tax.
29. " G. Subba Rao, Engineer.
30. Mrs. Srirangamma, Inspectress of Girls' Schools in Mysore.
31. Mr. S. Narayana Rao, Retd. Assistant Commissioner.
32. " K. Lakshminarayanayya, Retd. Sub Judge.
33. " Baily Seshagiri Rao, Retd. Registrar, General & Revenue Secretariat, and Representativeof City Co-Operative Society.
34. " B.S. Ranoji Rao, Retd. City Magistrate.(Representative of Bhavasara Kshatria Co-operative Society)
35. " W. Raghavachar, Superintendent, G.T.S.
36. " C.S. Sreenivasachar, -do- -do-
37. " A. Subba Rao, -do- -do-
38. " A. Arunachalam, Amildar,
39. " T. Krishna Rao, -Do-
40. " E. Rama Rao, Retd. Amildar.
41. " M.R. Nagarkar, Inspector of Income Tax.
42. " Gundappa S. Kurupad, Vice President, Agricultural School.
43. " K. Devanatha Char, Asst. Professor, Central College.
44. " P. Sreenivasa Moorthy, Supdt. Comptroller's Office.
45. " L. Seshagiri Rao, Asstt. Inspector of Tax.

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46. Mr. P. Ramaiah, Retd. Inspector of Edn.
47. " M.L. Shama Gowda, Retd. Registrar of Chief Court.
48. " Y. Rama Rao, Retd. Asstt. Supdt. of Gardens.
49. " B. Anneppa, Retd. Sub Asstt. Surgeon.
50. " D. Venkatarayappa, Land Holder.
51. " M.S. Linge Gowda, -do-
52. " J. Venkata Rao, -do- and Pensioner.
53. " B. Hiriyannappa, -do-
54. " S.K. Krishna Rao, -do- and Asstt. Secy. City Co-operative Bank.
55. " Muniyemanna, -do- and Octroy Pigasty.
56. " Somasekhara Gowda -do-
57. " G.S. Govinda Rao, Zamindar.
58. " Achappa, Land Holder & Pensioner.
59. " D. Venkoba Rao, Zamindar.
60. " D.A. Rama Rao, Land Holder.
61. " L. Ramaswami Reddy, -do- & Merchant.
62. " M. Nagoji Rao, Sub Registrar.
63. " K. Padmanabhayya, Clerk, Genl. Rev. Sectt.
64. " M.A. Sreenivasiengar, District Sheristadar, Bangalore.
65. " C. Hanumantha Rao, Land Holder,
66. " B.P. Narasimhaiah, -do- & Pensioner.
67. " N.V. Tirumala Iyengar, Merchant.
68. " B. Chinnaswami Setty, -do-
69. " K. Majundappa, -do-
70. " L. Thammayya, Land Holder,
71. " V. Balakrishna Naidu, -do- & Pensioner.
72. " G. Venkataramanaiya, First Grade Pleader.
73. " H.A. Venkataramanaiah, Retd. Inspector of Education.
74. " Gollar Chinnappa, Land Holder.
75. " Y.V. Subrahmanyam -do-
76. " M. Viswanatha Rao -do- and Govt. Servant.
77. " L.S. Doraswamy, Medical Student.
78. " R. Jagannatha Rao, Personal Asstt.to the I.G. of Im.
79. " (Representative of the Industrial & Commercial Co-operative Society Ltd.)
G.C.L. Narayya, Land Holder, and Representative of the Halleswaram Co-operative Bank, Ltd.)
80. " K.S. Narayana Rao, Accountant, Comptroller's Office, (Representative of City Co-operative Bank Ltd.)
81. " S. Seetharamaiah, Retd. Supervisor, D.P.W.
82. " H.P. Vedamurthy, Accountant, Comptroller's Office.
83. " S. Guru Rao, Merchant & Land Holder.
84. " H. Rowe, Electric Engineer,
85. " K. Narainaiengar, Editor, Evening Mail.
86. " A. Thimmayya, Land Holder, Govt. Servant.
87. " S.R. Bhombhore, Octroy Inspector.
88. " Bhajantri Munivenkatappa, Land Holder
89. " K.R. Srecnivasamurthy Rao, Land Holder.
90. " P. Raja Rao, Inspector, Central Bank.
91. " K. Sreekantayya, General & Revenue Sectt., Secretary, Central Bank.

The following members were represented by proxies.

1. Mr. B.I. Madhava Rao,
2. Smt. Chinnabai
3. B.I. Gopala Rao
4. Mrs. Gangabai
5. " Kanjubai
6. " Setubai
7. Mr. C. Madhava Rao
8. " S.K. Venkatanaranappa
9. " B.D. Raghavendra Rao
10. " M. Krishna Rao

} B.I. SHAMA RAO

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11.	Mr. Syed Abdul Khadar	By Mr. I.I. SHALL RAO
12.	" A. Krishnaswamiappa	
13.	" I.I. Hari Rao	
14.	Mrs. Tungabai	
15.	Mr. Ahamed Pacha Saheb	
16.	Mrs. A. Rangamma	
17.	Mr. Munivenkatappa	
18.	" K.V. Veerabhadrayya	
19.	" N. Narasimhachar	
20.	" Beerappa	
21.	" B. Muniswamappa	
22.	" Giriyappa	
23.	Mrs. Rangamma	
24.	" Seethabai	
25.	Mr. S.N. Annayya Reddy	
26.	The Bangalore Building Co-operative Society, Ltd.	
27.	Mrs. Seshamma	By Mr. R. Viswanatha Rao
28.	" Lakshmamma	
29.	Mr. Sarige Dasappa	By Sir K.P. PUTTANNA CHETTY
30.	" D. Sampangiramaraju	
31.	" L. Krishnaraju	
32.	" S. Kallappa	
33.	" K. Manjundayya	
34.	" R. Kesava Rao	By Dr. B.K. Narayana Rao
35.	Mrs. Channamma	
36.	Mr. P.S. Govinda Rao	By Dr. C.D. BALA RAO
37.	" P.G. Ramachandra Rao	
38.	" P.S. Anantha Rao	
39.	" D. Venkatesa Char	
40.	" A. Aswathanarayana Rao	By Mr. K. Shama Rao
41.	" Kurpur Subba Rao	By Mr. KURPUR SRINIVASA RAO
42.	Mrs. Tulasamma	
43.	Mr. Puttachar	
44.	Mrs. C. Ramabai	
45.	" C. Lakshmibai	
46.	" Venkamma	
47.	" Venkobai	
48.	" Rukminiyamma	By Mr. R. Lakshminarayanayya
49.	" Seethamma	By Mr. L.S. Raju
50.	" Seshamma	By Mr. C. KRISHNA RAO
51.	" Phaniyamma	
52.	Mr. C. Srikantayya	
53.	" G. Rama Rao	
54.	Mrs. Venkamma	By Dr. AMBAIPA
55.	Mr. Venkatappa	By Mr. P. RAJA RAO
56.	" H. Subba Rao	
57.	" V.A. Krishna Murthy	
58.	Mrs. C.S. Lakshmibai	
59.	" T. Saradamma	
60.	Mr. T. Hanumantha Rao	
61.	Mrs P. Nagaratnamma	
62.	Mr. Naoji	
63.	" R. Subba Rao	
64.	" Ramachandra Rao	
65.	" T. Venkataramaiya	

66. Mrs. Lakshmidevamma
67. Mr. G. Venkatesayya
68. " Raghunathachar
69. " C. Krishnachar
70. " L.R. Reddy
71. " Narayana Reddy
72. " Balakrishnaiya
73. " D.M. Rama Setty
74. " Hanumantha Setty
75. " D.M. Sanjeeva Setty
76. " Patel Muniyamanna
77. " N. Raghavendrachar
78. " K. Ramachandramurthy Rao
79. Mrs. Sakkoo Lai

By Mr. [illegible]

80. Mr. C. Krishnayya
81. " Hanumantha Rao
82. " K.K. Chakravarti
83. " Chowdayya
84. " Chandrasekharayya
85. " I. Sreenivasa Rao
86. " C. Ramavadhani
87. " Ranganna
88. " Siddalingappa
89. " Suryanarayana Rao
90. " Thippayya
91. " M.C. Garudachar
92. " L. Hariyachar
93. Mrs. Sarasabai
94. " Thimmamma
95. Mr. K. Mylarayya
96. " Nanjundappa
97. Mrs. Nanjamma
98. Mr. Venkatasamanna
99. " G.M. Manjanathaiya
100. " Sreenivasamurthy
101. " P.V. Krishna Rao
102. " Veerannadevaru
103. " Sivarudrayya
104. Mrs. Gangamma
105. " Chinnamma
106. Mr. N.V. Sundaram
107. " Rama Rao
108. " Ranganatha Rao
109. " Anantharama Iyengar
110. " A. Sreenivasaramavachari
111. Mrs Gowramma
112. " Lakshmidevamma
113. " Saradamma
114. " B.K. Nacharamma
115. " Alavelamma
116. Mr. Venkatesa Sastry
117. " Ramanuja Iyengar
118. " Karanappa
119. " Vitalamoorthy
120. " C.S. Kuppasami Iengar
121. Mrs. D. Rangamal
122. Mr. Byrappa
123. " C. Subba Rao
124. " C.G. Ramaiah
125. " S.K. Jamkhandi
126. " N. Deva Rao
127. " Subrahmanyam
128. " Alawin rengar
129. Mrs. Venkoo Lai

By Mr. K. SRIKANTAYYA

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130. Mrs. Ghanambal
131. Mr. C.S. Balasundaram Iyer
132. " Narayana Murthy
133. " B. Ramanuja Iyengar.

} By Mr. K. SRIKANTAYYA

The Notice calling the General Meeting and the Agenda were read.

2. The Report & the Balance Sheet, copies of which had been issued to all the members, were taken as read.

3. Before proceeding with the discussion of subjects, the Chairman referred to the valuable services rendered by Rao Bahadur M. Shama Rao to the Co-operative Movement in general & to the Apex Bank in particular. The Chairman further observed that he could not help recalling the valuable and disinterested services cheerfully rendered to the Central Bank by his distinguished predecessor Dewan Bahadur C.Sreenivasiengar and the late Mr.D.Appu Rao & added that it was but right that the younger generation should remember with gratitude the good done by the older men who deserved to be treated ~~considered~~ with consideration & respect.

He thereafter called for observations, if any, on the Report and Balance Sheet.

4. Mr.S.G.Sastry observed that he was delighted to see from the Report & the financial statements that the progress of the Bank had been steady & encouraging and the result of the working of the Bank during the year under report was quite satisfactory.

5. Mr.C.Krishnamoorti, Advocate urged that as the first step to give effect to the Govt. Order regarding the conversion of the Central Bank into an Urban Bank, non-debtor societies who still continue to be members of the Bank should be eliminated from the list of members, also societies whose liabilities in the Bank are trivial as no useful purpose would be served by retaining their names in the list.

6. Mr.R.Sreenivasiengar observed that as mentioned in the Report the Board had decided to eliminate non-debtor societies from the list of members & that after the adoption of the Report effect

given to the decision.

7. Mr.H.Jagannatha Rao representative of the [illegible] Industrial & Commercial Co-operative Society suggested that the societies concer might be informed of the action which would be taken by the Boar

8. The Chairman stated that it would be done & the societies r leased from membership.

9. Mr.K.Devanatha Char spoke eloquently of the invaluable se rendered to the Bank by Sir K.P.Puttanna Chetty & pointed out th the Bank's working was in every way encouraging & satisfactory an that it was both unjustifiable & undignified to malign, revile office bearers for all the excellent work that is being done by Bank.

10. With regard to the contribution of Rs.3,000/- made by the Bo towards the commemoration of the Silver Jubilee of His Highness raised Mr.Devanathachar raised a discussion on it. After an expl tion from the Chair, the contribution of Rs.3,000/- made by the Bank was unanimously approved.

Mr.Devanathachar then suggested that provision under Common Good Fund might be increased by Rs.1,000/- so as to allot the same to some of the Charitable Institutions.

12. Mr.T.K.Someswara Iyer moved an amendment which was seconded by Mr.Devanatha Char that the Common Good Fund be increased by Rs. 1000 and that this amount might be met from the amount carried for ward after allotment of Net Profits.

13. After an explanation from the Chairman and Mr.K.R.Sreenivasan gar, the proposition was withdrawn.

14. The information wanted by Messrs.K.Narnienger, B.P.Narasimhai and K.S.Narayana Rao regarding Suspense Account, temporary invest ment on lands, payment of land revenue, Od Advance Account &c., wa furnished by the Secretary.

15. After the questions relating to the Report & the Balance Sheet were answered. Mr.K.Srinivasa Rao, Retired Deputy Commissio er in proposing the adoption of the Report & the Balance Sheet, made the following speech:-

On behalf of the shareholders, I beg to offer our hearty co gratulations to the Board of Management on the excellent r

achieved by them and to say a few words.

From the brilliant results achieved by our Bank year after year and the effect of efficient, cautious & foreseeing management of the Institution, I am tempted to make the following statement in grateful appreciation of the disinterested & splendid services ungrudgingly rendered by the Board under the distinguished leadership of so eminent a gentleman as our esteemed Sir K.P.Puttanna Chetty & of the wholehearted & faithful work of our indefatigable & straightforward Secretary Mr.K.Srikantayya.

The comparative statement published at pages 8 & 9 of the interesting & tiny Report eloquently testifies to the financial stability & soundness of the institution.

The Bank was started with 16 members & with a paid up share capital of 3, thousand. Its present membership is 851 & the share capital is 4 lakhs. The total amount of deposits received & the loans issued so far are 97 lakhs & 44½ lakhs respectively. The total Net Profits earned by the Bank have been 5¼ lakhs & the Dividends paid 2¾ lakhs which is nearly three-fouths of the share capital. From the financial statements appended to the Report, it will be seen that excluding the above payment, the working of the Bank so far has resulted in a surplus of about 2, lakhs & has secured for the Bank a decent building in a central locality worth about 40 thousand. The institution has also found decent scholarships in the Mysore University to commemorate the services of the previous exemplary Secretary the late Mr.D.Appu Rao and has also set apart a further sum of Rs.10, thousand to commemorate the invaluable services cheerfully rendered by the revered President the late Mr.C.Sreenivasiengar for a long period of 13 years. This Bank is peculiarly fortunate in having secured for it its management gentlemen of high reputation, vast experience & influence. Our Bank which has deservedly secured the foremost place among the well-conducted co-operative institutions in this model State is sure to develop its useful activities in various ways under the masterly & cautious leadership of Sir K.P.Puttanna Chetty & his honourable colleagues & with the sympathetic support of the Government of His Highness the Maharaja.

I am sure that even the most carping but disappointed critic

in their heart of hearts justly proud to be Members of this splendid Institution.

May this popular & useful institution have a continuous long and prosperous career is my earnest prayer."

16. In seconding the above proposition, Mr.Y.Narasinga Rao complimented the Board on the excellent management of the Bank & observed that the shareholders should congratulate themselves on the continued progress of the Bank which besides building up a substantial Reserve Fund & securing a decent building in a Central locality has been giving them substantial dividends year after year.

17. Mr.Annappa stated that while several business concerns had failed owing to mismanagement, the shareholders of this bank should consider themselves fortunate in having an efficient, experienced & disinterested Board of Directors who command public confidence in no small measure. He made particular reference to the financial statements published with the Report & pointed out that the figures bore eloquent testimony to the flourishing condition of the Institution.

18. In endorsing the statement of Mr.Annappa, Mr.Narniengar, Editor of the Evening Mail, said that he was forced to observe that the Bank was rigid in the grant of loans and represented that in his own case a small loan of Rs.500/- on the security of his printing press was declined while a sum of Rs.250/- was spent on advertisement charges in the "Daily Post" & the "Praja Mitra" and expressed a hope that the Bank would be more liberal in dealing with loan applications in future.

19. While thanking Sir Puttanna Chetty for the kind reference made about his services to the Movement & to the Apex Bank, Rao Bahadur Shama Rao stated that it gave him much pleasure to say that the affairs of the Central Bank were in every way satisfactory & its progress steady & encouraging and that it had a bright future.

20 The proposition of Mr.K.Srinivasa Rao was then put to vote.

I. RESOLVED UNANIMOUSLY that the REPORT & the BALANCE SHEET be ADOPTED.

21. Mr.K.Devanathachar represented that the concession rate of 12% interest allowed to societies might as well be extended to individual shareholders.

22. Mr.A.R.Sreenivasiengar stated that he was of the same opinion.

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ciation of the efficient management of the affairs of the Institution.

37. On behalf of the shareholders, Mr.C.Krishnamoorti complimented Sir K.P.Puttanna Chetty for the manner in which the Proceedings of the Meeting were conducted by him to the complete satisfaction of all concerned & expressed the wish that he might be able to guide the affairs of this useful institution for many more years to come to the benefit of all concerned.

38. With Three Cheers to HIS HIGHNESS the MAHARAJA of MYSORE which were enthusiastically responded to by the Members, the Meeting terminated.

CHAIRMAN.

26th September 1927.

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Issue & Submit.

Proceedings of the Government of
H.H. the Maharaja of Mysore.

...

Order - D 5992-3 / F.S. 40-26-9
D 76-12-17

In passing orders on the Mysore Co-operative Committee's report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an urban bank dealing only with individual shareholders throughout the State, and directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a valuation to be made by a committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in excess of 12 per cent and to charge such interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all co-operative societies en bloc from the Central Bank involved considerable additional work, and the risk of loss from possible bad debts which might be included in the transaction, and that it could therefore agree to

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30. Subject No.4. Appointment of Auditors for 1927-28.

The Chairman suggested the desirability of having the Accounts of the Bank audited once in a while by a Chartered Accountant and mentioned that the Government had thrown out a hint to this effect.

31. Dr.E.S.Krishnasami Iyer opposed the appointment of a Chartered Accountant & remarked that when the shareholders of the Bank are perfectly satisfied with the work of the present duly qualified Auditors who have been performing their duties efficiently & satisfactorily for a modest remuneration there was no need for appointing Chartered Accountants on high remuneration.

32. Both Messrs.B.Vasudevamoorti & C.Krishnamoorti supported the above view.

33. After further discussion of the subject, the President stated that the present Auditors having done their work satisfactorily he would commend them for re-appointment if the shareholders agreed.

34. Mr.S.Narayana Rao proposed & Mr.C.Krishnamoorti seconded that the present Auditors be reappointed to audit the Accounts for 1927-28.

III. Carried UNANIMOUSLY.

35. The question of having the Accounts scrutinized by an Auditor of the rank of Chartered Accountant was reserved for consideration by the Board.

36. In summing up the Proceedings, the Chairman remarked that the progress of the Bank during the year was encouraging & satisfactory and that as regards the transfer of societies' debts to the Apex Bank, he was glad to say that Orders of Government are expected permitting the Central Bank to recover the amounts due by societies gradually in the best manner possible & placing wholesome restrictions on both the Central & the Apex Banks to obviate conflict of interests of either institution, the former to confine its transactions to individual shareholders throughout the State & not to issue loans of amounts less than Rs.2000/- to moffusil members & the latter to restrict its transactions to societies only & not to make any advances to individual shareholders.

Chairman

that he hoped that there would be no
ing adopted by the Board in the
23. Subject No.2 relating to the am
ing the reduction of the number of members
view of the contemplated termination of
with the societies.

24. In view of the concensus of opi
might remain till the societies debts are
decided that the subject might lie over for

25. Subject No.3. Election of members to

26. Mr.K.R.Sreenivasiengar proposed & Mr.T.Nar
that Sir K.P.Puttanna Chetty be elected Presid
out being balloted.

II. This was carried by ACCLAMATION.

27. Voting slips were then distributed to members
Vice President & nine members of the Board.

28. Messrs.N.Subba Rao Executive Engineer & L. Seshn
Inspector of Education were appointed Tellers.

29. The following is the result of election:-

(1) Mr.K.R.Sreenivasiengar 508 votes, of which 218
late to his appo
as Vice President
he gets more vot
Mr.Karpur Sr
he
elected

(2) Mr.B.S.Ranoji Rao, 483 vote

(3) Dr.C.B.Rama Rao,

(4) Rajasabhabhus
Karpur Sreeni

(5) Rao Saheb L

(6) Dr. D.K.

to the transfer only if a portion of the Reserve Fund of the Central Co-operative Bank should be transferred along with the societies' debts as remuneration for the work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60 per cent of the value of the properties on which they were secured, leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course, as calculated to shake its credit with the shareholders, depositors and the general public and took exception to the partition of the Reserve Fund on various grounds. The Central Bank was quite agreeable to reduce the rate of default interest to 12 per cent all round and to charge this interest only on instalments in default irrespective of its rights under the documents concerned, notwithstanding the heavy loss which would result from this wholesale reduction and revision of adjustments already effected ; but, it was not prepared to make over any part of its Reserve Fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies en bloc .

The difference of views thus disclosed stands in the way of the transfer of the liabilities en bloc from one institution to the other as first contemplated and Government are pleased to pass the following order to give effect to the decision arrived at in G.O. No: I.C. 6492-6563/C.S. 34-23-11 dated 30th March 1925 passing orders on the Mysore Co-operative Committee's Report :

(1) The Central Co-operative Bank will, as agreed to, be a purely urban bank dealing only with individual members throughout the State ; but to avoid competition with primary societies, it will not grant loans of a smaller amount than Rs.2,000 on the security of immovable property to individual shareholders outside Bangalore City.

(2) The Apex Bank shall restrict its loans only to societies as directed in G.O. No: 6492-6563/ of 30th March 1925.

(3) The Central Bank will be free to take such action as it legally can, against all co-operative societies in respect of outstandings due from them; but it should not include in the claim default interest exceeding 12 per cent, and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central Bank should furnish such society within two months after application, under its seal, with a clear statement of account giving particulars

particulars of all disbursements and repayments towards principal and interest, certified by the Secretary.

(4) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

(5) In regard to societies which do not close their accounts within six months by taking advantage of the above concession, the Central Bank may take such steps for recovery, as may be permitted by law.

(6) Societies which are not indebted to the Central Bank but which hold shares therein as members should resign their shares within six months and should be advised to join the Apex Bank.

The Registrar of Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their claims against debtor societies by employing special Shekdars, if necessary, under the Government Order recently issued. The Central Co-operative Bank will also be permitted to retain the services of one or two Inspectors of Co-operative Societies as at present for a further term of 3 years or until further orders of Government.

Is this work necessary. Any case pending for Govt. ?

No
1529

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(3) In order to effect a speedy settlement and to clearly demarcate the functions of the Central Co-operative Bank and the Apex Bank, Government desire that immediate action may be taken on the lines indicated above, and that notices in the terms of this order may be issued to all the co-operative societies concerned.

A report as to the result of the action taken may be submitted to Government at the end of six months.

Secretary to Government,
Development Departments.

6/9/27

To

The Registrar of Co-operative Societies,
The Comptroller to Government.

O. B. 5-2

7-12-27

App. F. VI G 10.

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Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. D 5 a 92-3/C.S. 40-26 DATED 6th Dec. 1927

May this be

i. printed? yes

ii. treated as a standing order? yes } yes WD 7/12

iii. published in the Gazette English Part? No

iv. translated? No } ~~For orders~~.

v. placed at the disposal of the press? No } NO WD 7/12

vi. published in the Gazette Kannada Part? No

VZ

Apex Bank and the Central Bank passes orders on the future working of the ———.

WD 7/12/27.

S. O.

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. D. 5992-3— C. S. 40-26-7, dated 6th December 1927.

Apex Bank and the Central Bank.

Passes orders on the future working of the ——.

ORDER NO. D. 5992-3 —C. S. 40-26-7, DATED 6TH DECEMBER 1927.

In passing orders on the Mysore Co-operative Committee's Report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an Urban Bank dealing only with individual share-holders throughout the State, and, directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a valuation to be made by a Committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in excess of twelve per cent and to charge such interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all Co-operative Societies *en bloc* from the Central Bank involved considerable additional work, and the risk of loss from possible bad debts which might be included in the transaction, and that it could therefore agree to the transfer only if a portion of the Reserve Fund of the Central Co-operative Bank should be transferred along with the Secieties' debts as remuneration for work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60 per cent of the value of the properties on which they were secured leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course as calculated to shake its credit with the share-holders, depositors and the general public and took exception to the partition of the Reserve Fund on various grounds. The Central Bank was quite agreeable to reduce the rate of default interest to twelve per cent all round and to charge this interest only on instalments in default irrespective of its rights under the documents concerned, notwithstanding the heavy loss which would result from this wholesale reduction and revision of adjustments already effected; but it was not prepared to make over any part of its Reserve Fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies *en bloc*.

The difference of views thus disclosed stands in the way of the transfer of the liabilities *en bloc* from one institution to the other as first contemplated and Government are pleased to pass the following order to give effect to the decision arrived at in Government Order No. I. C. 6492-6563—C. S. 34-23-11, dated 30th March 1925, passing orders on the Mysore Co-operative Committee's Report:—

(1) The Central Co-operative Bank will, as agreed to, be a purely Urban Bank dealing only with individual members throughout the State; but to avoid competition with primary societies it will not grant loans of a smaller amount than Rs. 2,000 on the security of immovable property to individual share-holders outside Bangalore City.

(2) The Apex Bank shall restrict its loans only to societies as directed in Government Order No. 6492-6563 of 30th March 1925.

(3) The Central Bank will be free to take such action as it legally can, against all Co-operative Societies in respect of outstandings due from them; but it should not include in the claim default interest exceeding twelve per cent and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central

No. D. 5992-3—C.S. 40-26-7, DATED 6TH DECEMBER 1927.

Bank should furnish such society within two months after application, under its seal, with a clear statement of accounts giving particulars of all disbursements and repayments towards principal and interest, certified by the Secretary.

(4) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

(5) In regard to societies which do not close their accounts within six months by taking advantage of the above concessions, the Central Co-operative Bank may take such steps for recovery as may be permitted by law.

(6) Societies which are not indebted to the Central Bank but which hold shares therein as members should resign their shares within six months and should be advised to join the Apex Bank.

The Registrar of Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their claims against debtor societies by employing special sheikdars if necessary, under the Government Order recently issued. The Central Co-operative Bank will also be permitted to retain the services of one or two Inspectors of Co-operative Societies as at present for a further term of three years or until further orders of Government.

(7) In order to effect a speedy settlement and to clearly demarcate the functions of the Central Co-operative Bank and the Apex Bank, Government desire that immediate action may be taken on the lines indicated above and that notices of this order may be issued to all the Co-operative Societies concerned.

A report as to the result of the action taken may be submitted to Government at the end of six months.

for Secretary to Government,
Development Departments.

To—The Registrar of Co-operative Societies in Mysore.
The Comptroller to Government.

Exd.—P. S. R. N.

WD 1466—GPB—480—14-12-27

Proceedings of the Government of His Highness
the Maharaja of Mysore.

--:0:--

Order No. M.5992-3/C-S.40-26-7

Dated, Bangalore 6th December, 1927

In passing orders on the Mysore Co-operative Committee's Report, Government accepted the proposals of the Bangalore Central Co-operative Bank to convert itself into an Urban Bank dealing only with individual share-holders throughout the State, and directed that all existing debts due to that Bank from Co-operative Societies should be transferred to the Provincial Co-operative Bank at a valuation to be made by a Committee of five arbitrators. Difficulties have arisen in giving effect to the transfer of societies' debts in the manner suggested. It was contended on behalf of the societies that heavy rates of penal interest had been charged with the result that the liabilities had been greatly inflated. This was met by the Central Co-operative Bank agreeing to forego all penal interest in excess of 12 per cent and to charge such interest only on overdue instalments and not on the entire amount of the debt. The Apex Bank represented that the taking over of the liabilities of all Co-operative Societies en bloc from the Central Bank involved considerable additional work, and the risk of loss from possible bad debts which might be included in the transaction, and that it could therefore agree to the transfer only if a portion of the Reserve Fund of the Central Co-operative Bank should be transferred along with the Societies' debts as remuneration for work and compensation for the risk from bad debts. As an alternative, the Apex Bank proposed that it should be permitted to take over only the debts of such societies as were considered absolutely safe, meaning thereby, debts that represented only about 60% of the value of the properties on which they were secured leaving the debts of other societies to be recovered by the Central Bank in the usual course. The Central Bank objected to this course as calculat-

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to shake its credit with the shareholders, depositors and the general public and took exception to the partition of the Reserve fund on various grounds. The Central Bank was quite agreeable to reduce the rate of default interest to 12% all round and to charge this interest only on instalments in defaul irrespective of its rights under the documents concerned, notwithstanding the heavy loss which would result from this wholesale reduction and revision of adjustments already effected; but it was not prepared to make over any part of its Reserve Fund as an indemnity for bad debts and insisted on a transfer of all liabilities relating to societies en bloc .

The difference of views thus disclosed stands in the way of the transfer of the liabilities en bloc from one institution to the other as first contemplated and Government are pleased to pass the following order to give effect to the decision arrived at in Government Order No.IC.6492-6563/C...34-23-11 dated 30th March 1925, passing orders on the Mysore Co-operative Committee's Report:-

(1) The Central Co-operative Bank will, as agreed to, be a purely urban Bank dealing only with individual members throughout the State; but to avoid competition with pri ary societies it will not grant loans of a smaller amount than Rs.2,000 on the security of immovable property to individual shareholders outside Bangalore City.

(2) The Apex Bank shall restrict its loans only to societies as directed in Government Order No.6492-6563 of 30th March 1925.

(3) The Central Bank will be free to take such action as it legally can, against all Co-operative Societies in respect of outstandings due from them; but it should not include in the claim default interest exceeding 12%, and this default interest should be charged only on overdue instalments. On demand by a debtor society, the Central Bank should furnish such society within two months after application, under its

seal, with a clear statement of accounts giving particulars of all disbursements and repayments towards principal and interest, certified by the Secretary.

(4) The debtor societies may liquidate their dues to the Central Bank by obtaining loans from the Apex Bank or from any other source that may appear to them most advantageous.

(5) In regard to societies which do not close their accounts within six months by taking advantage of the above concessions, the Central Co-operative Bank may take such steps for recovery as may be permitted by law.

(6) Societies which are not indebted to the Central Bank but which hold shares therein as members should resign their shares within six months and should be advised to join the Apex Bank.

The Registrar of Co-operative Societies is requested to afford to the Central Co-operative Bank all possible assistance in the recovery of their claims against debtor Societies by employing special sheikdars if necessary, under the Government Order recently issued. The Central Co-operative Bank will also be permitted ~~hm~~ to retain the services of one or two Inspectors of Co-operative Societies as at present for a further term of three years or until further orders of Government.

(7) In order to effect a speedy settlement and to clearly demarcate the functions of the Central Co-operative Bank and the Apex Bank, Government desire that immediate action may be taken on the lines indicated above and that notices of this order may be issued to all the Co-operative Societies concerned.

A report as to the result of the action taken may be submitted to Government at the end of six months.

Wodayarakam
For Secretary to Government,
Development Departments.

To

The Registrar of Co-operative Societies in Mysore.
The ~~The~~ Comptroller to Government.

BRJ/6

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No. 2909/C.S.

DEPARTMENT OF CO-OPERATION.

GOVERNMENT OF MYSORE.

Tel. Address: "CO-OPERT" BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

GEN. & REV. SECRETARIAT 13 DEC. 1927 DEVELOPMENT BRANCH.

Dated Bangalore, 12th December 1927.

D.5092

FROM

K. H. RAMAYYA, ESQ., B.A., BAR-AT-LAW,
REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,
BANGALORE.

GEN. & REV. SECRETARIAT 13 DEC. 1927 DEVELOPMENT BRANCH.

Please put up with the file.

To

N. Rama Rao, Esq., B.A. B.L.,
Secretary to Government, Development Departments,
Bangalore.

G.S. 40-26-10

Sir,

Adverting to G.O.No.D.5992-3/C.S.40-26-9 dated 6th December 1927 re: the transfer to the Apex Bank of debts due to the Bangalore Central Co-operative Bank, Ltd., from co-operative societies, I have the honor to state as follows:-

2. To facilitate the transfer early, necessary instructions have been issued both to the concerned societies and the Departmental officers on the lines indicated in the Government Order; but I beg to point out that, as these debts have been outstanding from a very long time and as loan investigations have to be made thoroughly in all the debtor societies in order to find out which are good and which bad and which would easily get a loan from the Apex Bank on the security of lands of the members, the period of six months fixed in the Government Order seems to be too short. The best efforts will be made to have the investigations completed within that time, but yet I am afraid the work will not be completed within the stipulated time. I therefore request Government to enhance the period to twelve months in the best interests of the co-operative societies concerned and also the two Banks.

The idea in fixing the period as 6 months was to give effect to the G.O. re. transfer as early as possible. The question of extending it to one year may be considered later.

3. The disaffiliation of the non-debtor societies immediately will involve those societies in loss, as they will not be entitled to dividends on their share amounts, inasmuch as they would resign their membership in the middle of the year and they may, therefore, be disaffiliated after the close of the current

official

This may be Approved.

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official year i.e., on 1st July 1928, so that they may get the dividends due for the year 1927-28 after the general meeting is held as usual.

4. In sub-section (5) of the order it is stated that "in regard to societies which do not close their accounts within six months by taking advantage of the above concessions, the Central Co-operative Bank may take such steps for recovery as may be permitted by Law". I beg to submit that in the Co-operative Movement there is absolutely no concession shown to any society by limiting interest to be recovered to 12 per cent on instalments overdue. I request Government, therefore, not to allow the Central Bank to charge more than 12 per cent even if it takes steps for recovery as may be permitted by law in the case of societies which do not close their accounts within one year.

If there is this restriction, there is some chance of the debtor Societies paying up their dues to the Central Bank within 6 months. If this period is extended to a year, later (Refer Para 2.), this question may be considered in consultation with the Central Bank. It seems inadvisable to raise this point now: the Central Bank is sure to take exception to it.

5. I shall gladly afford to the Central Co-operative Bank all facilities and assistance in the recovery of the amounts due to it from the debtor societies as I have been doing all along. Arrangements will also be made for the employment of special Sheikdars wherever necessary for the speedy execution of decrees. As directed by Government, I shall also loan the services of some Inspectors of Co-operative Societies to the Bank if desired by it. But I am not in favour of sparing the services of Mr. P.Raja Rao, the Inspector now working in the Bank, any longer, as he has been there for the past ten years and as the continued stay of the same Inspector in the Bank has had a demoralizing effect and made him more a clerk than an Inspector. His work as Inspector of the Bank has not at all been satisfactory, as he has not been inspecting the debtor societies properly, for which work his services were lent by the Department (vide G.O.No.226-7/I.& C.283-17-4 dated 6th July 1918). As pointed out by me in my previous letters on the subject, the Directors of the Bank were not aware of the recovery of the overdue interest on the entire loan when only a portion thereof was overdue. This has necessitated a revision of past adjustments involving much unnecessary work. All this could

It may be remarked in passing, however, that the Reg. could have taken the necessary action or issued instructions to this Inspector, much earlier. He has been there for the past ten years. It cannot be said perhaps, that the responsibility for all this, lies entirely on the Inspector in question.

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could have been avoided if the Inspector had brought this procedure of recovery to the notice of the Directors of the Bank and the Department. I may, therefore, be permitted to withdraw Mr. Raja Rao from the Bank and lend the services of any other Inspectors selected by the Bank out of the 30 Inspectors now working in the Department.

It is of course open to the Reg: to withdraw the services of this Insp: from the Central Bank & to depute another in his place. The Bank may be requested to sugt: of Sugget the name of some other Coop: Societs.

6. I request that necessary orders may be passed with regard to the several points above referred to.

I have the honor to be,
Sir,
Your most obedient servant,

K H Ramayya

R e g i s t r a r.

MP
14/12

89

D. 6564 / G.S. 40-26-11

Confd
Grant subsidies

8 22/12/27

To

The Registrar of C.S.

S i r,

With reference to your letter No.2909/Cs. dated the 12th December 1927, suggesting certain modifications in the orders of Government communicated in G.O.No.D.5998-3 Cs.40-26-9 dated the 6th December 1927, regarding the trasfer, to the Apex Bank, of debts due to the Bangalore Central Co-operative Bank Ltd. from Co-operative Societies, I am directed to state as follows:-

to observe that no modification of the G.O. is necessary or desirable apparent and

(1) Extension of the period allowed for Societies indebted to the Central Bank from 6 months to one year. Government consider ~~that no immediate modification of the Government order in this respect is necessary but~~ that the matter may be taken up for consideration if necessary, after the expiry of the present period of six months,

If an extension of time is found necessary in spite of vigorous action.

(2) Allowing non-debtor societies to remain affiliated to the Central Bank till the close of June 1928. Government are pleased to sanction this proposal.

(3) Direction to the Central Bank not to charge more than 12% interest even if the accounts are not settled within the prescribed period. The directions contained in para (3) of the Government Order - which are in strict accordance with the agreement of the Bank itself, clearly le-

dow

down that the 12% is the absolute maximum, that the Bank should not claim default interest exceeding 12% and that this interest should be charged only on overdue instalements of loans.

(4) Withdrawl of the services of Mr. P. Raja Rao from the Central Bank and the posting of another Inspector in his stead.

~~This matter may well be left to the~~ Govt consider that this matter may be left to the choice of the Central Bank itself. ~~as they~~ may possibly like to have an Inspector ~~of~~ who has possessed experience and knowledge of details.

I have etc.,

Development Secretary.

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GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

General and Revenue Secretariat

Confd

No. D. 6564/C-S. 40-26-11 Dated, Bangalore, 22/12/ 192

From

N. RAMA RAO, Esq., B. A., B. L.,
Secretary to the Government of His Highness the Maharaja of Mysore,
Development Departments.

To

K.H. Ramayya, Esq., B.A., Bar-at-Law.,
Registrar, of Co-operative Societies in Mysore.

Sir,

With reference to your letter No.2909/Cs. dated the 12th December 1927 suggesting certain modifications in the orders of Government communicated in Government Order No.D.5992-3/C.S.40-26 9 dated the 6th December 1927, regarding the transfer, to the Apex Bank, of debts, due to the Bangalore Central Co-operative Bank Ltd., from Co-operative Societies, I am directed to observe that no modification of the Government Order is necessary or desirable at present and to state as follows:-

(1) Extension of the period allowed for Societies indebted to the Central Bank from 6 months to one year. Government consider that the matter may be taken up for consideration after the expiry of the present period of six months if an extension of time is found necessary in spite of vigorous action.

(2) Allowing non-debtor societies to remain affiliated to the Central Bank till the close of June 1928. Government are pleased to sanction this proposal.

(3) Direction to the Central Bank not to charge more than 12% interest even if the accounts are not settled within the prescribed period. The directions contained in para (3) of the Govern. ent Order which are in strict accordance with the agreement of the Bank itself, clearly lay down that the 12% is the absolute maximum, that the Bank should not claim default interest exceeding 12% and that this interest should be charged only on overdue instalments of loans.

P.T.

(4) Withdrawal of the services of Mr. P.Raja Rao from the Central Bank and the posting of another Inspector in his stead. Government consider that this matter may, with advantage, be left to the choice of the Central Bank itself.

I have the honour to be,
Sir,
Your most obedient servant,

For Secretary to Government,
Development Departments.

BRS/2